

ITEM 19 **FINANCIAL PERFORMANCE REPRESENTATIONS**

The FTC's Franchise Rule permits a franchisor to provide information about the actual or potential financial performance of its franchised and/or franchisor-owned outlets if there is a reasonable basis for the information and if the information is included in the Disclosure Document. Financial performance information that differs from that included in Item 19 may be given only if: (1) a franchisor provides the actual records of an existing outlet you are considering buying; or (2) franchisor supplements the information provided in this Item 19, for example, by providing information about possible performance at a particular location or under particular circumstances.

DEFINITIONS

- (a) Calendar Year – means, as to each respective year, the 12 month period commencing on January 1 and ending on December 31.
- (b) Closing Rate – refers to the percentage of Customers that receive a Proposal from a Joshua Tree Experts Business that ultimately hire Joshua Tree Experts for the performance of Approved Services and Products.
- (c) Company Owned Outlet – means an Outlet owned either directly or indirectly by us, our affiliate or any person identified in Item 2 of this Disclosure Document. A Company Owned Outlet also includes any Outlet that is operated as a joint venture owned in part by us, our affiliate or any person identified in Item 2 of this Disclosure Document, or that is managed by us our affiliate or any person identified in Item 2.
- (d) Customer – refers to each unique Joshua Tree Experts Business customer for which an Outlet provides Approved Services and Products during a particular Calendar Year. A Customer may have multiple Service Visits during a Calendar Year.
- (e) Direct Cost of Services Provided – means the direct non-managerial and non-administrative cost of goods sold and labor incurred by an Outlet in directly providing the Approved Services and Products, comprised of the following expenses: Direct Labor Cost, Job Materials, and Freight and Delivery. Direct Cost of Services Provided does not include managerial labor and expenses, administrative labor and expenses, service vehicle and equipment expenses, marketing expenses, insurance expenses, operating expenses, or general expenses including, but not limited to interest, taxes, depreciation, amortization, and Franchise Related Expenses.
- (f) Direct Gross Profit – means Gross Sales less Direct Cost of Services Provided. Direct Gross Profit is not net profit or income and, except as to Direct Cost of Services Provided, does not include the deduction of all other expenses incurred by a Joshua Tree Experts Business including, but not limited to, managerial labor and expenses, administrative labor and expenses, service vehicle and equipment expenses, marketing expenses, insurance expenses, operating expenses, or general expenses including, but not limited to interest, taxes, depreciation, amortization, and Franchise Related Expenses.
- (g) Direct Labor Cost – means the direct non-owner labor expenses incurred in the operations of the Outlet and for employees that directly perform or provide services resulting in Gross Sales. Direct Labor Cost includes wages but does not include payroll processing and taxes and paid employee benefits, if any. Direct Labor Cost does not include compensation related to administrative labor or management labor.
- (h) Disclosed Expenses – means the following select expenses: indirect wages, service vehicle and equipment, advertising and marketing, payroll processing and taxes, credit card processing, insurance, workers' compensation, occupancy expense, employee health and life insurance, utilities, office supplies, professional fees, business licenses, and other operating expenses.
- (i) Franchise Outlet – refers to a Joshua Tree Experts Business operated under a Franchise Agreement that is not

a Company Owned Outlet.

- (j) Franchise Related Expenses – means the following select fees currently required under the Franchise Agreements: Royalty Fees, Brand Development Fund Fees, Technology Fees, Contact Center Fees, and local marketing. Franchise Related Expenses do not include all fee and payment obligations required under a Franchise Agreement.
- (k) Full Time Equivalents – refers to the total Labor Hours of a Joshua Tree Experts Business during a particular Calendar Year divided by 2,080, which represents the total number of work hours for one full-time employee during a Calendar Year, assuming 52 weeks of 40-hour work weeks.
- (l) Gross Sales – means the total revenue derived by each Joshua Tree Experts Business less sales tax, discounts, allowances, and returns.
- (m) Job – means a transaction wherein a Customer hires a Joshua Tree Experts Business to perform services related to a project in one of the specific Service Lines. The total number of Jobs is not necessarily equal to the total number of Customers of a Joshua Tree Experts Business, as one Customer can purchase Jobs from more than one Service Line. For example, if one Customer purchases general tree care services and lawn care services, the Job count for general tree care services will increase by one and the Job count for lawn care services will also increase by one. Additionally, the total number of Jobs is not necessarily equal to the total number of Service Visits, as multiple Services Visits may be required to perform services related to one Job.
- (n) Labor Hours – refers to the total number of hours for which employees of a Joshua Tree Experts Business that are on payroll are paid and includes payroll hours, vacation time, sick time, and other paid time off.
- (o) New Customer – refers to a Joshua Tree Experts Business Customer who received one Service Visit or multiple Service Visits during the reporting Calendar Year but did not receive any Service Visits during any prior Calendar Year.
- (p) New Franchise Outlet – means, as to a particular Calendar Year, a Franchise Outlet that for the first time opened and commenced operations during the Calendar Year. For example, if a Franchise Outlet first opened for business in February 2023, as to the 2023 Calendar Year, the Franchise Outlet would qualify as a New Franchise Outlet and not as an Operational Franchise Outlet, see definition below. If this Franchise Outlet remained in operation throughout the 2024 Calendar Year, it would qualify as an Operational Franchise Outlet during the 2024 Calendar Year.
- (q) Operational Franchise Outlet – means, as to a particular Calendar Year, a Franchise Outlet that was open and in operation on or prior to the commencement of the Calendar Year. For example, if a Franchise Outlet first opened for business in February 2023, as to the 2023 Calendar Year, the Franchise Outlet would qualify as a New Franchise Outlet, see definition above, and not as an Operational Franchise Outlet. If this Franchise Outlet remained in operation throughout the 2024 Calendar Year, it would qualify as an Operational Franchise Outlet during the 2024 Calendar Year.
- (r) Outlet – refers to a Joshua Tree Experts Business that is either a Company Owned Outlet or a Franchise Outlet, as the context requires.
- (s) Proposal – refers to a proposal outlining proposed pricing and scope of services that is provided by a Joshua Tree Experts Business to a prospective customer for the performance of Approved Services and Products following an on-site visit.
- (t) Returning Customer – refers to a Joshua Tree Experts Business Customer who received one Service Visit or multiple Service Visits during the reporting Calendar Year and also a prior Calendar Year.

- (u) Service Line – refers to one of the following services lines of a Joshua Tree Experts Business: general tree care, plant health care, lawn care, and pest control services. Not all Joshua Tree Experts Businesses will be authorized to offer lawn care and/or pest control services.
- (v) Service Visit – means an on-site visit at a Customer designated location or Customer home where the Approved Services and Products are provided for the Customer.

BASES AND ASSUMPTIONS

The financial information was not prepared on a basis consistent with generally accepted accounting principles. We do not have any Operational Franchise Outlets and we have nine New Franchise Outlets. The financial performance of our New Franchise Outlets is excluded from this Item 19 because our New Franchise Outlets were not open for the full 2024 Calendar Year. We also exclude the financial performance of one Franchise Outlet that closed during the 2024 Calendar Year. Data for our Company Owned Outlet is based on information reported to us by our affiliate. The information in this analysis has not been audited, is based on historical financial data and is not a forecast or projection of future financial performance.

ANALYSIS OF RESULTS OF COMPANY OWNED OUTLET

During the 2023 and 2024 Calendar Years we had one Company Owned Outlet with an office located in Stockertown, Pennsylvania (the “Eastern Central PA Outlet”). The Eastern Central PA Outlet began operations in July 2005 and operates within an Operating Territory that, in total, includes the equivalent of five Territories. The Eastern Central PA Outlet can be subdivided into two regions: Stockertown, Pennsylvania, which is the equivalent of three Territories (the “Stockertown Region”) and Souderton, Pennsylvania, which is the equivalent of two Territories (the “Souderton Region”).

The Eastern Central PA Outlet provides general tree care, plant health care, lawn care, and pest control services. Lawn care and/or pest control services may be offered only if we believe the Franchised Business is suitable for offering lawn care and/or pest control services and we authorize the Franchised Business to provide lawn care and/or pest control services. Not all Franchised Businesses will be authorized to offer lawn care and/or pest control services and providing these supplemental services will require the Franchised Business to incur additional operating expenses.

The financial performance achieved in the 2023 and 2024 Calendar Years involved the operation of multiple service vehicles and equipment. You will only be required to lease or purchase a forestry dump truck, woodchipper, sprayer truck, sales car, stump grinder, mason dump, and equipment trailer during the first year of following the opening of your Joshua Tree Experts Business.

Material financial and operational characteristics that are reasonably anticipated to differ from future operational franchise outlets include: (a) managerial skill and efficiency experienced by our Company Owned Outlet as a result of our extensively experienced management team; (b) brand recognition within the local market in which our Company Owned Outlet operates; and (c) no obligation to pay ongoing monthly fees that a franchisee will pay to us, such as the Royalty Fee and Brand Development Fund Fee.

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Table 1

Company Owned Outlet: Eastern Central PA Outlet
Gross Sales and Disclosed Expenses Data for 2023 and 2024 Calendar Years

	2023 Calendar Year		2024 Calendar Year	
	Total	% ¹	Total	% ¹
	\$7,058,741	100.0%	\$7,443,469	100.0%
Gross Sales				
Less: Direct Cost of Services Provided				
Direct Labor Cost	(\$1,852,187)	26.2%	(\$1,851,708)	24.9%
Job Materials	(\$535,180)	7.6%	(\$511,116)	6.9%
Freight and Delivery	(\$16,171)	0.2%	(\$11,904)	0.2%
Total Direct Costs of Services Provided	(\$2,403,538)	34.1%	(\$2,374,728)	31.9%
Direct Gross Profit	\$4,655,203	65.9%	\$5,068,741	68.1%
Less: Disclosed Expenses				
Indirect Wages	(\$917,696)	13.0%	(\$995,740)	13.4%
Service Vehicle and Equipment	(\$446,184)	6.3%	(\$439,910)	5.9%
Payroll Processing and Taxes	(\$262,102)	3.7%	(\$278,329)	3.7%
Advertising and Marketing	(\$348,297)	4.9%	(\$333,187)	4.5%
Credit Card Processing	(\$161,886)	2.3%	(\$174,201)	2.3%
Insurance	(\$153,423)	2.2%	(\$160,436)	2.2%
Workers' Compensation	(\$118,997)	1.7%	(\$147,246)	2.0%
Occupancy Expense	(\$100,355)	1.4%	(\$103,271)	1.4%
Employee Health and Life Insurance	(\$71,443)	1.0%	(\$85,731)	1.2%
Office Supplies	(\$22,153)	0.3%	(\$32,098)	0.4%
Utilities	(\$33,844)	0.5%	(\$29,666)	0.4%
Business Licenses	(\$4,388)	0.1%	(\$7,512)	0.1%
Professional Fees	(\$15,273)	0.2%	(\$3,077)	0.0%
Other Operating Expenses	(\$146,679)	2.1%	(\$171,402)	2.3%
Direct Gross Profit Less Disclosed Expenses	\$1,852,483	26.2%	\$2,106,935	28.3%
Less: Adjustments for Franchise Related Expenses				
Royaalty Fee ²	(\$247,056)	3.5%	(\$260,521)	3.5%
Brand Development Fund Fee ³	(\$70,587)	1.0%	(\$74,435)	1.0%
Technology Fee ⁴	(\$6,000)	0.1%	(\$6,000)	0.1%
Contact Center Fee ⁵	(\$7,200)	0.1%	(\$7,200)	0.1%
Local Marketing ⁶	(\$110,521)	1.6%	(\$150,638)	2.0%
Direct Gross Profit Less Disclosed Expenses and Franchise Related Expenses	\$1,411,118	20.0%	\$1,608,140	21.6%

Notes to Table:

¹ “%” represents the percentage of total Gross Sales.

² The Royalty Fee is equal to 6% of Gross Sales if your weekly Gross Sales total \$0 to \$19,231; 5% of Gross Sales if your weekly Gross Sales total \$19,232 to \$38,462; 4% of Gross Sales if your weekly Gross Sales total \$38,463 to \$57,692; and 3.5% of Gross Sales if your weekly Gross Sales total \$57,693 or more, subject to a Minimum Weekly Royalty Fee Requirement depending on the size of your Operating Territory.

³ The Brand Development Fund Fee is currently 1% of Gross Sales but may be increased to up to 2% of Gross Sales.

⁴ The Technology Fee is currently \$500 per month but may be increased to up to \$1,000 per month.

⁵ The Contact Center Fee is currently up to \$600 per month and, if you are authorized to provide Supplemental Services, an additional one-time fee of 5% of New Gross Sales.

⁶ You must spend not less than \$36,000 per year during the first year of operations and 6.5% of Gross Sales each year thereafter on the local marketing of your Joshua Tree Experts Business. This estimate reflects the difference between the local marketing requirement disclosed in Item 6 of this Disclosure Document and the advertising and marketing expense of this Outlet as disclosed in Disclosed Expenses.

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Table 2

Company Owned Outlet: Eastern Central PA Outlet Gross Sales Per Customer Data for 2023 and 2024 Calendar Years						
Calendar Year	Number of Customers	Total Gross Sales	Average Gross Sales	Median Gross Sales	Maximum Gross Sales	Minimum Gross Sales
2023	6,509	\$7,058,741	\$1,084	\$703	\$40,372	\$150
2024	6,263	\$7,443,469	\$1,188	\$428	\$45,000	\$150

Table 3

Company Owned Outlet: Eastern Central PA Outlet Returning and New Customer Data for 2023 and 2024 Calendar Years				
Calendar Year	Returning Customers	New Customers	Total Customers	Percentage of New Customers
2023	5,075	1,434	6,509	22.0%
2024	5,013	1,250	6,263	20.0%

Table 4

Company Owned Outlet: Eastern Central PA Outlet Job and Service Visit Data Per Service Line for 2023 and 2024 Calendar Years				
Calendar Year	Service Line	Jobs	Service Visits	Number of Service Visits Per Job
2023	General Tree Care	1,779	1,779	1.0
	Lawn Care	4,346	22,246	5.1
	Pest Control Services	1,142	5,428	4.8
	Plant Health Care	2,483	5,670	2.3
	Total	9,750	35,123	3.6
2024	General Tree Care	1,777	1,777	1.0
	Lawn Care	4,021	22,182	5.5
	Pest Control Services	1,355	5,684	4.2
	Plant Health Care	2,871	5,735	2.0
	Total	10,024	35,378	3.5

Table 5

Company Owned Outlet: Eastern Central PA Outlet Gross Sales and Service Visit Data Per Service Line for 2023 and 2024 Calendar Years							
Calendar Year	Service Line	Gross Sales	Service Visits	Average Gross Sales Per Service Visit	Median Gross Sales Per Service Visit	Maximum Gross Sales Per Service Visit	Minimum Gross Sales Per Service Visit
2023	General Tree Care	\$2,665,497	1,779	\$1,498	\$1,040	\$13,120	\$300
	Lawn Care	\$2,856,769	22,246	\$128	\$89	\$5,310	\$45
	Pest Control Services	\$508,611	5,428	\$94	\$104	\$295	\$45
	Plant Health Care	\$1,027,864	5,670	\$181	\$154	\$4,636	\$50
2024	General Tree Care	\$2,907,263	1,777	\$1,636	\$1,176	\$45,000	\$300
	Lawn Care	\$2,903,288	22,182	\$131	\$92	\$5,628	\$45
	Pest Control Services	\$567,223	5,684	\$100	\$112	\$400	\$45
	Plant Health Care	\$1,065,695	5,735	\$186	\$163	\$4,606	\$55

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Table 6

Company Owned Outlet: Eastern Central PA Outlet				
Labor Hour and Service Visit Data Per Service Line for 2023 and 2024 Calendar Years				
Calendar Year	Service Line	Service Visits	Labor Hours	Labor Hours Per Service Visit
2023	General Tree Care	1,779	27,798	15.6
	Lawn Care	22,246	22,788	1.0
	Pest Control Services	5,428	4,969	0.9
	Plant Health Care	5,670	9,466	1.7
2024	General Tree Care	1,777	28,709	16.2
	Lawn Care	22,182	24,321	1.1
	Pest Control Services	5,684	5,748	1.0
	Plant Health Care	5,735	9,772	1.7

Table 7

Company Owned Outlet: Eastern Central PA Outlet			
Proposal and Closing Rate Data for 2023 and 2024 Calendar Years			
Calendar Year	Number of Proposals	Number of Accepted Proposals	Closing Rate
2023	9,627	5,335	55.4%
2024	8,982	4,574	50.9%

Table 8

Company Owned Outlet: Eastern Central PA Outlet			
Job and Customer Data for 2023 and 2024 Calendar Years			
Calendar Year	Number of Jobs	Number of Customers	Job to Customer Ratio
2023	9,750	6,509	1.5
2024	10,024	6,263	1.6

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Table 9

Company Owned Outlet: Eastern Central PA Outlet Gross Sales and Labor Hour Data Per Service Line for 2023 and 2024 Calendar Years				
Calendar Year	Service Line	Gross Sales	Labor Hours	Gross Sales Per Labor Hour
2023	General Tree Care	\$2,665,497	27,798	\$96
	Lawn Care	\$2,856,769	22,788	\$125
	Pest Control Services	\$508,611	4,969	\$102
	Plant Health Care	\$1,027,864	9,466	\$109
	Administrative ¹	\$0	0	N/A
	Total	\$7,058,741	65,021	\$109
2024	General Tree Care	\$2,907,263	28,709	\$101
	Lawn Care	\$2,903,288	24,321	\$119
	Pest Control Services	\$567,223	5,748	\$99
	Plant Health Care	\$1,065,695	9,772	\$109
	Administrative ¹	\$0	2,142	N/A
	Total	\$7,443,469	70,692	\$105

Note to Table:

¹ For purposes of this table, the Administrative Service Line refers to the number of operational hours related to the performance of services that are not Approved Services and Products but that do include paid hours for training seminars, paid hours for trade seminars, and hours worked on charitable donation projects. The hours related to the Administrative Service Line do not generate Gross Sales.

Table 10

Company Owned Outlet: Eastern Central PA Outlet Gross Sales and Full Time Equivalent Data Per Service Line for 2023 and 2024 Calendar Years				
Calendar Year	Service Line	Gross Sales	Full Time Equivalents	Gross Sales Per Full Time Equivalents
2023	General Tree Care	\$2,665,497	13.36	\$199,447
	Lawn Care	\$2,856,769	10.96	\$260,755
	Pest Control Services	\$508,611	2.39	\$212,902
	Plant Health Care	\$1,027,864	4.55	\$225,856
	Administrative ¹	\$0	0.00	N/A
	Total	\$7,058,741	31.26	\$225,807
2024	General Tree Care	\$2,907,263	13.80	\$210,635
	Lawn Care	\$2,903,288	11.69	\$248,297
	Pest Control Services	\$567,223	2.76	\$205,258
	Plant Health Care	\$1,065,695	4.70	\$226,836
	Administrative ¹	\$0	1.03	N/A
	Total	\$7,443,469	33.98	\$219,012

Note to Table:

¹ For purposes of this table, the Administrative Service Line refers to the number of operational hours related to the performance of services that are not Approved Services and Products but that do include paid hours for training seminars, paid hours for trade seminars, and hours worked on charitable donation projects. The hours related to the Administrative Service Line do not generate Gross Sales.

Table 11

Company Owned Outlet: Eastern Central PA Outlet ¹		
Gross Sales by Region		
Region	2023 Calendar Year Gross Sales	2024 Calendar Year Gross Sales
Stockertown Region	\$6,426,014	\$6,660,921
Souderton Region	\$632,727	\$782,548
Total	\$7,058,741	\$7,443,469

Note to Table:

¹ As disclosed above, this Company Owned Outlet operates within the equivalent of five Territories. The Stockertown Region is the equivalent of three Territories and the Souderton Outlet is the equivalent of two Territories. The Gross Sales for the Stockertown Region and the Souderton Outlet are not representative of the financial performance of a single Territory Outlet.

Some Outlets have earned this amount. Your individual results may differ. There is no assurance that you'll earn as much.

Written substantiation of the data used in preparing these sales figures will be made available to you upon reasonable request.

Other than the preceding financial performance representations, JTE Franchising LLC does not make any representations about a franchisee's future financial performance or the past financial performance of company-owned or franchised outlets. We also do not authorize our employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing outlet, however, we may provide you with the actual records of that outlet. If you receive any other financial performance information or projections of your future income, you should report it to the franchisor's management by contacting Joshua Malik, JTE Franchising LLC, 310 Center Street, Stockertown, Pennsylvania 18083 and (610) 904-9200, the Federal Trade Commission, and the appropriate state regulatory agencies.

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ITEM 20
OUTLETS AND FRANCHISEE INFORMATION

TABLE NO. 1
SYSTEMWIDE OUTLET SUMMARY
FOR YEARS 2022 to 2024

Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
Franchised	2022	0	0	0
	2023	0	1	+1
	2024	1	9	+8
Company Owned	2022	1	1	0
	2023	1	1	0
	2024	1	1	0
Total Outlets	2022	1	1	0
	2023	1	2	+1
	2024	2	10	+8

TABLE NO. 2
TRANSFER OF OUTLETS FROM FRANCHISEES TO NEW OWNERS
(OTHER THAN THE FRANCHISOR)
FOR YEARS 2022 to 2024

State	Year	Number of Transfers
None	2022	0
	2023	0
	2024	0

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